

Taxpayers to benefit from new law

Since October, tax dollars have been put back into your pocket due to the Economic Recovery Tax Act of 1981.

To benefit more fully from these new tax provisions, lay out a financial plan for next year that takes these changes into account.

- Determine your net worth. List your assets and liabilities. Assets include income, real estate, savings and checking accounts, bonds and certificates, stock holdings, home furnishings, clothing and autos or boats. Under liabilities list your debts, including loan payments, taxes due, and rent or mortgage payments. Subtract your liabilities from your assets to find your net worth.

- Once you have figured your net worth, set up a realistic budget for the first quarter of 1982. Add up what you spent last quarter on necessities, such as food, clothing, transportation and utility bills. Now decide where you overspent on any items and should cut

down, and what area will require more money in the coming quarter.

- To reassess your 1981 financial plan, review your spending and compare it with your old budget to see if any areas were under or over-budgeted. For example, were you continually borrowing from your food money or savings to pay for clothing? Was this erroneous planning or extravagance on your part? If you had justification for borrowing funds from one area to another, be sure to adjust your next quarter budget.

SOME EXPENSES will definitely increase. Did you refrain from buying clothing last quarter to buy more when January sales start? If so, include this in your clothing budget. Allow for your spending impulses as well as your savings allotment in your next quarter budget.

- Your budget should reflect the combination of last quarter's spending

tax topics

and this quarter's needs. However, if you make allowances in one category to take advantage of sales or special circumstances, return to your original budget after the sale. If you continue to make allowances and never make up the difference, you may soon find yourself falling behind in your savings or living beyond your means.

- Now take budgeting one step further and plan how to invest savings. If you don't have \$10,000 to invest in a certificate of deposit, or even enough to buy stock, you might want to save toward a tax-exempt All-Savers Certificate.

These can be bought for as little as \$500 and offer tax-exempt interest up to \$1,000 in your lifetime or \$2,000 on a joint return. All-savers may not provide the highest yield for people below

the 30 percent tax bracket. Compare investment yields and tax savings before deciding where to put your money.

Set up your goals for 1982 and longer to determine how much you want to save during the year and to determine for what you need savings.

Be sure to budget for any expected rent or mortgage increases, tuition raises or new retirement planning.

- Review the assets included in your net worth. If you have several tax shelters for unearned income, you might want to re-evaluate your investments. Lower taxes on unearned income, 50 percent instead of 70 percent, and 20 percent on capital gains, might make your tax shelters less necessary.

One suggestion is to open an individual retirement account or, for the self-employed, a Keogh account which can offer the chance to save toward retirement and deposit up to \$2,000 in or \$15,000 in a Keogh account yearly.

The principal is tax-deductible and the interest exempt until one begins to withdraw the money — then it is taxed.



finances and you

Sid Mittra

Financial planning: a key to your future

Financial planning is often one of the most misused and misunderstood terms in personal financial management.

Let's use an example. A football coach would be short-sighted if he lead his team onto the gridiron in a key matchup without a game strategy. Similarly, no one should play the game of life without financial planning.

One of the thorniest problems facing most of us today is coping with taxation and inflation. This problem is aggravated by the economic, political and social uncertainties that engulf us.

No matter what the present economic status, these problems make it increasingly difficult to determine how to make the best possible use of one's available income and assets.

THE BASIC objective of a comprehensive financial plan developed for you is to show where you stand today, what your short- and long-range financial goals are and how you can reach these goals in the most efficient manner.

Your plan shows you in detail how to minimize the effects of soaring taxes and the erosion of buying power caused by inflation. It determines the relative attractiveness of investments in real estate, oil and gas programs, commodity futures, stocks, bonds and liquid funds.

It also addresses many related financial topics including insurance (life, disability, home and health), pension and profit-sharing plans, gifts, personal debt reduction and estate planning.

AN EFFECTIVE approach to financial planning aims at bringing your current financial position into focus and helping you evaluate alternative courses of action that can affect your status now and in the future.

The evaluation is centered on the testing of the effects on major financial facts and trends. In short, a financial plan balances the accumulation, conservation and distribution of your assets.

Many models exist that can be used to develop a financial plan. One such model is outlined below.

This model is divided into three modules.

In Module 1, your lifetime objectives (financial independence, children's education, etc.) are analyzed.

In Module 2, an analysis of the post-mortem objectives is undertaken.

Module 3 demonstrates the effect of planning on future tax liability and savings.

marketplace

WANG LABORATORIES, manufacturers of integrated information systems and office automation, have opened a Great Lakes district headquarters at 300 Long Lake Road, Suite 200, in Bloomfield Hills. Wang has also opened a metro branch in the Renaissance Center in addition to its existing office in Southfield. Manager of the Bloomfield Hills office is Dick Huegel. J.D. Sloan is branch manager of the RenCent office.

A NEW POSTAL Instant Press quick printing facility has opened at 28440 Southfield Road under the ownership of the Birmingham store and Earl and Victoria Baker. The Birmingham store is owned and operated by Kathleen Breen and Beverly Lasher.

ROBERT BRODY, president of Samuel Brody & Sons, was named Builder of the Year by the National Association of Home Builders, Institute of Residential Marketing and Builder magazine. The Troy-based builder and developer was cited for his luxury development of single family homes in Farmington Hills called Country Ridge on 14 Mile east of Haggerty

Road. This is the first time a Michigan firm has won the national competition. "Just being nominated is an honor," Brody said. "But then to walk away with one of the highest awards is something that all of Michigan can take pride in because it's a tribute to all the people involved at Country Ridge." Image Plus is the marketing firm for the development.

HUDSON'S PERSONNEL Inc. of Birmingham has expanded its services to include the placement of manufacturers representatives and will concentrate efforts in recruiting out of state agents and distributors for Michigan manufacturing firms. Jack Person will manage the company's new division. Hudson's Personnel has been in business since the early 70s and has specialized in engineers, engineering management and industrial sales persons for client companies.

STANDARD FEDERAL Savings of Troy led all other local lenders during 1981 by recording \$189,982,791 in residential mortgages of \$200,000 or less in the four county area of Wayne, Oakland, Macomb and Washtenaw, according to

the Lawyers Title Insurance Corp. This is the eighth straight year Standard Federal Savings has been the leader in the metropolitan market. Standard Federal's figures for 1980 were \$331,291,134 in residential mortgages. Placing behind Standard Federal in 1981 were First Federal with \$101,922,355, National Bank with \$48,446,369 and Detroit Bank with \$24,682,016.

FARBMAN/STEIN and Co. of Troy, a commercial and industrial real estate brokerage, has become an affiliate member of New America Network, a national confederation of independent, commercial and industrial real estate brokerage organizations. The association provides Farbrman/Stein with a comprehensive nationwide marketing capability to assist in the sale or lease of the firm's exclusively listed properties.

SHIFMAN'S ADVERTISING has opened offices at 19111 10 Mile, 163A, in Southfield. The firm specializes in direct mail advertis-

ing and cash register roll printing for retailers and professionals.

THE MICHIGAN Chapter of the American Concrete Institute presented Giffels Associates Inc. of Southfield with an award for its design of the Department of Energy Tokamak Fusion Test Reactor Facility at Princeton University Plasma Physics Laboratory. The firm was cited for excellent and innovative use of reinforced concrete design and was the first such award conferred by the chapter.

LIBERTY STATE Bank & Trust President Gerald Salkowski reports record 1981 net earnings of \$2,147,355, up 6 percent for the previous year's \$2,024,770. Earnings rose from \$1.82 per share in 1980 to \$1.93 in 1981. Assets increased from \$193,720,413 in 1980 to \$196,668,022 in 1981. Deposits were up from \$170,817,060 in 1980 to \$174,970,535 in 1981.



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• MT. CLEMENS: 1216 S. GRATIOT 1/2 Mile North of 16 Mile	463-3620
• LIVONIA/REDFORD: 14211 TELEGRAPH at Jeffries Imp.	534-8200
• FARMINGTON: 34789 GRAND RIVER east of Oriskany	477-2528
• ANN ARBOR: 3336 WASHTENAW West of U.S. 23	973-9340
• FLINT: 4261 MILLER RD. across from Genesee Valley	732-5560
• EAST DETROIT: 22301 KELLY RD. between 8 and 9 Mile	778-7020
• FARMINGTON HILLS: 27847 ORCHARD LAKE RD. at 12 Mile Rd.	553-8585
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